

Message Text

CONFIDENTIAL

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ACTION ARA-10

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 6310

CONFIDENTIAL SECTION 1 OF 2 PANAMA 2072

STADIS//////////

LIMDIS

FROM AMBASSADOR JORDEN

EO 11652: GDS

TAGS: PN, EFIN, PBOR

SUBJECT: TREATY PROBLEMS

REFS: (A) STATE 072065 (B) STATE 073560 (C) STATE 076562

(D) STATE 076845

1. GENERAL TORRIJOS HAS BEEN UNAVAILABLE FOR PAST TWO DAYS. I THEREFORE MET LATE YESTERDAY WITH FOREIGN MINISTER GONZALEZ-REVILLA AND ADVISERS ROMULO ESCOBAR BETHANCOURT AND CARLOS LOPEZ-GUEVARA. PURPOSE WAS TO REVIEW CURRENT STATE OF PLAY AND TO ALERT THEM TO VARIOUS OUTSTANDING ISSUES. AS REFTELS NOTED, THESE COULD CAUSE PROBLEMS IN SENATE DEBATE UNLESS THEY ARE RESOLVED BI-LATERALLY OR WE ARE ENGAGED IN SERIOUS DISCUSSIONS AIMED AT EARLY RESOLUTION.

2. I MENTIONED FIRST THE MATTER OF OUTSTANDING DEBTS OWED BY PANAMA TO PANAMA CANAL COMPANY/CANAL ZONE GOVERNMENT (REFTEL C). I PROPOSED THAT WE GET TOGETHER PROMPTLY

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TO AGREE ON THOSE DEBTS THAT ARE MUTUALLY AGREED AS LEGITIMATE AND TRY TO SET UP A REPAYMENT SCHEDULE. WE SHOULD ALSO TRY TO RESOLVE DIFFERENCES ON ANY DEBTS THAT ARE CONTESTED. IF AGREEMENT WAS IMPOSSIBLE, WE SHOULD THEN RESORT TO SOME FORM OF ARBITRATION. THE PANAMANIANS FOUND THIS PROPOSAL REASONABLE AND PROMISED TO GIVE ME THEIR ANSWER THURSDAY OR FRIDAY. (NOTE: WE WILL WANT A REPRESENTATIVE OF PAN

CANAL PRESENT AT ANY TALKS ON THIS SUBJECT.)

3. I THEN RAISED THE MATTER OF TREATY PAYMENTS AS SECURITY FOR OUTSTANDING PANAMANIAN BONDS (REFTEL D). THE MINISTER SAID IT HAD BEEN DECIDED TO SEND US A NOTE THROUGH AMBASSADOR LEWIS THAT WOULD INCLUDE TEXT OF A CABINET RESOLUTION AUTHORIZING THE MINISTER OF FINANCE TO CONTINUE PAYMENTS UNDER THE NEW TREATY IN THE SAME MANNER AS UNDER THE 1955 AGREEMENT. I HOPE THIS WILL BE SUFFICIENT TO PLACATE SENATORS FORD AND HUDDLESTON.

4. I THEN BROUGHT UP THE CONTINUING SQUABBLE REGARDING THE CITRICOS DE CHIRQUI AND BOSTON-PANAMA CASES. I NOTED THE LIKELIHOOD THAT THESE COULD BRING ADVERSE ACTION UNDER THE HICKENLOOPER AND GONZALEZ AMENDMENTS, AND WOULD MAKE PANAMA LOOK BAD. AN ATTEMPT TO FORCE PAYMENT UNDER A TREATY RESERVATION WAS NOT UNLIKELY. I POINTED OUT THAT IN BOTH CASES, THE BALL WAS IN THE PANAMANIAN COURT. MINISTER BARLETTA NEEDED TO RESPOND TO THE LATEST CITRICOS LETTER (WHICH PROPOSED A PAYMENT OF SOME \$10 MILLION--VASTLY EXCESSIVE IN PANAMANIAN EYES). THERE WAS ALSO A NEED TO MAKE SOME APPROACH TO THE COMPANY'S LAWYERS IN THE BOSTON-PANAMA CASE. THE MINISTER AGREED THAT BARLETTA SHOULD RESPOND TO THE CITRICOS LETTER. HE ALSO SAID THEY THOUGHT TALKS WITH BOSTON-PANAMA SHOULD BE REVIVED IN WASHINGTON. THEY PROMISED MORE DEFINITIVE REPLIES TO

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THESE QUESTIONS AT OUR NEXT SESSION ON THURSDAY OR FRIDAY.

5. I REMINDED THE MINISTER AND HIS COLLEAGUES THAT WE WERE STILL WAITING FOR PANAMANIAN REACTIONS AND COMMENTS REGARDING THE POSSIBLE BROOKE AND DANFORTH "UNDERSTANDINGS" (REFTEL A). I ALSO POINTED OUT THAT THE SEA LEVEL CANAL ISSUE WOULD NOT GO AWAY AND THAT SOME FORM OF COMPROMISE WAS ESSENTIAL. I CALLED ATTENTION TO THE VARIOUS PROPOSALS WE HAD ADVANCED AND VENTURED THE OPINION THAT THE "FREE TO DISCUSS" FORMULA SUGGESTED BY THEM EARLIER WOULD NOT FLY. THEY SAID THEY WOULD GIVE THESE MATTERS ADDITIONAL THOUGHT AND CONVEY THEIR REACTIONS AT OUR NEXT SESSION.

6. ON THE MATTER OF CONSULTATION REGARDING PROPOSED OR POSSIBLE SENATORIAL INITIATIVES, THE MINISTER SAID THAT WE (THE U.S. SIDE) SHOULD KNOW THAT THIS PROCESS HAD TO BE A TWO-WAY STREET. THEY FELT IT HAD BROKEN DOWN IN THE FINAL DAYS BEFORE THE SENATE'S VOTE ON THE NEUTRALITY TREATY. THEY SAID THAT THE DECONCINI RESERVATION HAD CAUGHT THEM COLD--AND IMPLIED IT WAS OUR FAULT. I REMINDED THEM OF THE HECTIC ATMOSPHERE OF THE FINAL DAY IN WASHINGTON, BUT PROMISED THAT WE WOULD TRY TO DO BETTER IN THE WEEKS

AHEAD.

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C O N F I D E N T I A L SECTION 2 OF 2 PANAMA 2072

STADIS//////////

LIMDIS

7. MY FINAL POINT CONCERNED THE STONE-CASE LETTER TO TORRIJOS (REFTEL B). I EXPLAINED WHY WE THOUGHT THE SENATORS HAD TAKEN THIS COURSE AND THE NEED FOR A REASONED REPLY. I NOTED THAT IT WAS MY UNDERSTANDING THE ARISTIDES ROYO WAS FULLY AWARE OF THE CONTENTS OF THE STONE-CASE LETTER AND THAT HE THOUGHT A POSITIVE REPLY WAS POSSIBLE. (IN FACT, I KNOW THAT ROYO HAS DRAFTED A REPLY WHICH HE WILL BE BRINGING BACK TO PANAMA TONIGHT FOR DISCUSSION WITH HIS COLLEAGUES AND APPROVAL BY TORRIJOS.) THE MINISTER AND COLLEAGUES SAID I COULD EXPECT THEIR RESPONSE TO THIS, AS TO OTHER MATTERS, AT OUR NEXT SESSION.

8. IN THE COURSE OF OUR TALK, I TOLD THE PANAMANIANS IT WAS MY IMPRESSION, FROM A DISTANCE, THAT PAST ARGUMENTS AGAINST ANY SENATE ACTION THAT MIGHT FORCE A PLEBISCITE IN PANAMA WERE GROWING THIN AND WE DID NOT KNOW HOW LONG THIS LINE COULD BE HELD. THE MINISTER REPLIED, IN A MOST SERIOUS TONE, THAT THE QUESTION FACING US IN THE CANAL TREATY DEBATE WAS NOT WHETHER SOMETHING MIGHT MAKE A PLEBISCITE NECESSARY BUT WHETHER THE SENATE MIGHT ADOPT RESERVATIONS OR UNDERSTANDINGS THAT PANAMA WOULD FIND TOTALLY UNACCEPTABLE. HE SAID THAT THE DECONCINI RESER-

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VATION WAS A "DISASTER" FROM PANAMA'S POINT OF VIEW.
SOMETHING WOULD HAVE TO BE DONE TO MAKE CLEAR IT DID NOT
GIVE THE U.S. A RIGHT TO INTERVENE IN PANAMANIAN INTERNAL
AFFAIRS, THOUGH THE SENATOR'S DESCRIPTION OF ITS EFFECT
WAS PRECISELY THAT. MOREOVER, THE MINISTER SAID, THE
ADDITION OF ANY SIMILAR PROPOSAL IN THE CANAL TREATY WOULD
CERTAINLY BE REJECTED BY PANAMA.

9. HE SAID THE FUNDAMENTAL QUESTION FOR THE ADMINISTRATION
AND FOR THE SENATE WAS WHETHER WE WANTED A TREATY OR NOT.
PANAMA'S PROFOUND DESIRE FOR A FAIR TREATY WAS NOT SO
OVERWHELMING THAT THE TORRIJOS GOVERNMENT COULD ACCEPT
MEEKLY ANYTHING THE SENATE SOUGHT TO IMPOSE. NATIONAL
DIGNITY AND PRIDE IMPOSED CERTAIN LIMITS ON THE RATIFICATION
PROCESS. HE HOPED THAT THE ADMINISTRATION WOULD STAND FIRM
ON PROPOSALS THAT UNDERCUT THE KIND OF RELATIONSHIP WE HAD
ALL ALONG TRIED TO REFLECT IN THE TREATIES. AND HE HOPED
THE SENATE WOULD BE MADE AWARE OF THOSE LIMITATIONS.
OTHERWISE, HE SAID, THERE SIMPLY WILL BE NO TREATY. I
PROMISED TO CONVEY HIS THOUGHTS ON THIS MATTER. (NOTE:
I AM SURE THE MINISTER WAS REFLECTING TORRIJOS' OWN FEELING
THAT HE HAS BEEN PUSHED TO THE WALL AND CANNOT, IN DIGNITY,
BE PUSHED MUCH FURTHER).

JORDEN

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